

GRADY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

REVIEW COPY

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CERTIFIED PUBLIC ACCOUNTANTS
LAMESA, TEXAS**

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Independent Auditor's Report

UNMODIFIED OPINIONS ON THE BASIC FINANCIAL STATEMENTS

Board of School Trustees
Grady Independent School District
Lenorah, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grady Independent School District (the District), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2024, and the respective changes in financial position, and where applicable, the cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

GAAP requires that the management's discussion and analysis on pages 5-10, budgetary comparison information on page 46, and pension and other post-retirement benefit obligation (OPEB) related information on pages 47-51, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the required TEA schedules are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the audit report. The other information comprises the required Texas Education Agency (TEA) schedules. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Stephens, Stephens, Telchik PC
Certified Public Accountants

Lamesa, Texas
January 15, 2025

GRADY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 33,482,382	\$ 1,792,421	\$ 35,274,803
1220 Property Taxes - Delinquent	2,070,349	113,874	2,184,223
1230 Allowance for Uncollectible Taxes	(621,105)	(34,162)	(655,267)
1240 Due from Other Governments	187,097	4,512	191,609
1000 Total Assets	<u>\$ 35,118,723</u>	<u>\$ 1,876,645</u>	<u>\$ 36,995,368</u>
LIABILITIES			
2110 Accounts Payable	\$ 22,600	\$ -	\$ 22,600
2150 Payroll Deductions and Withholdings Payable	10,209	-	10,209
2160 Accrued Wages Payable	210,961	-	210,961
2180 Due to Other Governments	66,923	-	66,923
2000 Total Liabilities	<u>310,693</u>	<u>-</u>	<u>310,693</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,449,245	79,712	1,528,957
2600 Total Deferred Inflows of Resources	<u>1,449,245</u>	<u>79,712</u>	<u>1,528,957</u>
FUND BALANCES			
Restricted Fund Balance:			
3470 Capital Acquisition and Contractual Obligation	-	122,267	122,267
3480 Retirement of Long-Term Debt	-	1,625,816	1,625,816
3600 Unassigned Fund Balance	33,358,785	48,850	33,407,635
3000 Total Fund Balances	<u>33,358,785</u>	<u>1,796,933</u>	<u>35,155,718</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 35,118,723</u>	<u>\$ 1,876,645</u>	<u>\$ 36,995,368</u>

The notes to the financial statements are an integral part of this statement.

GRADY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 73,698,255	\$ 192,727	\$ 73,890,982
5800 State Program Revenues	355,643	48,529	404,172
5900 Federal Program Revenues	15,437	195,736	211,173
5020 Total Revenues	<u>74,069,335</u>	<u>436,992</u>	<u>74,506,327</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,482,620	165,873	2,648,493
0012 Instructional Resources and Media Services	40,744	-	40,744
0013 Curriculum and Instructional Staff Development	8,601	-	8,601
0023 School Leadership	236,100	-	236,100
0031 Guidance, Counseling, and Evaluation Services	95,316	-	95,316
0033 Health Services	73,094	-	73,094
0034 Student (Pupil) Transportation	320,772	-	320,772
0035 Food Services	-	361,806	361,806
0036 Extracurricular Activities	342,390	4,837	347,227
0041 General Administration	587,353	-	587,353
0051 Facilities Maintenance and Operations	1,292,845	-	1,292,845
0052 Security and Monitoring Services	49,735	-	49,735
0053 Data Processing Services	29,078	-	29,078
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,380,445	70,731	1,451,176
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	58,889,468	-	58,889,468
0093 Payments to Fiscal Agent/Member Districts of SSA	29,479	-	29,479
0099 Other Intergovernmental Charges	167,355	-	167,355
6030 Total Expenditures	<u>66,025,395</u>	<u>603,247</u>	<u>66,628,642</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,043,940</u>	<u>(166,255)</u>	<u>7,877,685</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	266,306	266,306
8911 Transfers Out (Use)	(266,306)	-	(266,306)
7080 Total Other Financing Sources (Uses)	<u>(266,306)</u>	<u>266,306</u>	<u>-</u>
1200 Net Change in Fund Balances	7,777,634	100,051	7,877,685
0100 Fund Balance - September 1 (Beginning)	25,506,722	1,710,953	27,217,675
1300 Prior Period Adjustment	74,429	(45,410)	29,019
3000 Fund Balance - August 31 (Ending)	<u>\$ 33,358,785</u>	<u>\$ 1,765,594</u>	<u>\$ 35,124,379</u>

The notes to the financial statements are an integral part of this statement.

GRADY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)				
REVENUES:									
5700	Total Local and Intermediate Sources	\$	70,606,627	\$	70,606,627	\$	73,698,255	\$	3,091,628
5800	State Program Revenues		127,703		319,003		355,643		36,640
5900	Federal Program Revenues		-		15,437		15,437		-
5020	Total Revenues		70,734,330		70,941,067		74,069,335		3,128,268
EXPENDITURES:									
Current:									
0011	Instruction		2,729,273		2,841,210		2,482,620		358,590
0012	Instructional Resources and Media Services		64,175		67,314		40,744		26,570
0013	Curriculum and Instructional Staff Development		10,500		10,500		8,601		1,899
0023	School Leadership		268,303		281,008		236,100		44,908
0031	Guidance, Counseling, and Evaluation Services		96,234		101,569		95,316		6,253
0033	Health Services		79,823		84,382		73,094		11,288
0034	Student (Pupil) Transportation		501,520		507,894		320,772		187,122
0036	Extracurricular Activities		337,536		348,405		342,390		6,015
0041	General Administration		794,171		788,237		587,353		200,884
0051	Facilities Maintenance and Operations		1,279,095		1,333,151		1,292,845		40,306
0052	Security and Monitoring Services		475,000		475,000		49,735		425,265
0053	Data Processing Services		6,057		31,254		29,078		2,176
Capital Outlay:									
0081	Facilities Acquisition and Construction		2,000,000		2,000,000		1,380,445		619,555
Intergovernmental:									
0091	Contracted Instructional Services Between Schools		61,548,763		61,523,763		58,889,468		2,634,295
0093	Payments to Fiscal Agent/Member Districts of SSA		69,000		69,000		29,479		39,521
0099	Other Intergovernmental Charges		190,000		190,000		167,355		22,645
6030	Total Expenditures		70,449,450		70,652,687		66,025,395		4,627,292
1100	Excess of Revenues Over Expenditures		284,880		288,380		8,043,940		7,755,560
OTHER FINANCING SOURCES (USES):									
8911	Transfers Out (Use)		(288,380)		(288,380)		(266,306)		22,074
1200	Net Change in Fund Balances		(3,500)		-		7,777,634		7,777,634
0100	Fund Balance - September 1 (Beginning)		25,506,722		25,506,722		25,506,722		-
1300	Prior Period Adjustment		-		-		74,429		74,429
3000	Fund Balance - August 31 (Ending)	\$	25,503,222	\$	25,506,722	\$	33,358,785	\$	7,852,063

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of School Trustees
Grady Independent School District
Lenorah, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grady Independent School District (the District) as of and for the year ended August 31, 2024, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinions on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses item 2024-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephens, Stephens, & Telchik PC
Certified Public Accountants

Lamesa, Texas

January 15, 2025